



This document is scheduled to be published in the Federal Register on 08/10/2012 and available online at <http://federalregister.gov/a/2012-19720>, and on FDsys.gov

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

Docket No. NHTSA-2012-0013

Wheego Electric Cars, Inc.

Grant of Petition for Temporary Exemption from the Electronic Stability Control Requirements of FMVSS No. 126

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation (DOT).

ACTION: Notice of grant of a petition for temporary exemption from Federal Motor Vehicle Safety Standard (FMVSS) No. 126, Electronic Stability Control Systems.

SUMMARY: This notice grants the petition of Wheego Electric Cars, Inc. (Wheego) for the temporary exemption of its LiFe model from the electronic stability control requirements of FMVSS No. 126. The agency has considered Wheego's petition for exemption and has determined that the exemption would facilitate the development or field evaluation of a low-emission motor vehicle and would not unreasonably reduce the safety level of that vehicle.

DATES: This exemption is effective immediately and remains in effect until December 31, 2012.

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SUPPLEMENTARY INFORMATION:

I. Statutory Basis for Temporary Exemptions

The National Traffic and Motor Vehicle Safety Act (Safety Act), codified as 49 U.S.C. Chapter 301, authorizes the Secretary of Transportation to exempt, on a temporary basis and under specified circumstances, motor vehicles from a motor vehicle safety standard or bumper standard. This authority is set forth at 49 U.S.C. 30113. The Secretary has delegated the authority in this section to NHTSA.

NHTSA established 49 CFR Part 555, Temporary Exemption from Motor Vehicle Safety and Bumper Standards, to implement the statutory provisions concerning temporary exemptions. A vehicle manufacturer wishing to obtain an exemption from a standard must demonstrate in its application (A) that an exemption would be in the public interest and consistent with the Safety Act and (B) that the manufacturer satisfies one of the following four bases for an exemption: (i) compliance with the standard would cause substantial economic hardship to a manufacturer that has tried to comply with the standard in good faith; (ii) the exemption would make easier the development or field evaluation of a new motor vehicle safety feature providing a safety level at least equal to the safety level of the standard; (iii) the exemption would make the development or field evaluation of a low-emission motor vehicle easier and would not unreasonably lower the safety level of that vehicle; or (iv) compliance with the standard would prevent the manufacturer from selling a motor vehicle with an overall safety level at least equal to the overall safety level of nonexempt vehicles.

For an exemption petition to be granted on the basis that the exemption would make the development or field evaluation of a low-emission motor vehicle easier and

would not unreasonably lower the safety level of the vehicle, the petition must include specified information set forth at 49 CFR 555.6(c). The main requirements of that section include: (1) Substantiation that the vehicle is a low-emission vehicle; (2) documentation establishing that a temporary exemption would not unreasonably degrade the safety of a vehicle; (3) substantiation that a temporary exemption would facilitate the development or field evaluation of the vehicle; (4) a statement of whether the petitioner intends to conform to the standard at the end of the exemption period; and (5) a statement that not more than 2,500 exempted vehicles will be sold in the United States in any 12-month period for which an exemption may be granted.

II. Electronic Stability Control Systems Requirement

In April 2007, NHTSA published a final rule requiring that vehicles with a gross vehicle weight rating of 4,536 kilograms (kg) (10,000 pounds) or less be equipped with electronic stability control (ESC) systems. ESC systems use automatic computer-controlled braking of individual wheels to assist the driver in maintaining control in critical driving situations in which the vehicle is beginning to lose directional stability at the rear wheels (spin out) or directional control at the front wheels (plow out). An anti-lock brake system (ABS) is a prerequisite for an ESC system because ESC uses many of the same components as ABS. Thus, the cost of complying with FMVSS No. 126 is less for vehicle models already equipped with ABS.

Preventing single-vehicle loss-of-control crashes is the most effective way to reduce deaths resulting from rollover crashes. This is because most loss-of-control crashes culminate in the vehicle leaving the roadway, which dramatically increases the probability of a rollover. NHTSA's crash data study of existing vehicles equipped with

ESC demonstrated that these systems reduce fatal single-vehicle crashes of passenger cars by 55 percent and fatal single-vehicle crashes of light trucks and vans (LTVs) by 50 percent.¹ NHTSA estimates that ESC has the potential to prevent 56 percent of the fatal passenger car rollovers and 74 percent of the fatal LTV first-event rollovers that would otherwise occur in single-vehicle crashes.²

The ESC requirement became effective for substantially all vehicles on September 1, 2011.

III. Overview of Petition

In accordance with 49 U.S.C. 30113 and the procedures in 49 CFR Part 555, Wheego Electric Cars, Inc. (Wheego) submitted a petition dated August 15, 2011 asking the agency for a temporary exemption from the electronic stability control requirements of FMVSS No. 126. The basis for the application is that the exemption would make the development or field evaluation of a low-emission vehicle easier and would not unreasonably lower the safety level of that vehicle. Wheego requested an exemption for the LiFe model for a period from September 1, 2011 to August 1, 2012.

Wheego is a Delaware corporation with its headquarters in Atlanta, Georgia. Wheego began manufacturing and selling low-speed electric vehicles in the U.S. in June 2009. In April 2011, Wheego began manufacturing and selling its first all-electric passenger car, the two-door, two-seat LiFe model. Wheego also states that it is developing a four-door passenger vehicle for sale in late 2012.

In February 2011, Wheego was granted a temporary exemption from the advanced air bag requirements of FMVSS No. 208, Occupant Crash Protection, that is

¹ Sivinski, R., Crash Prevention Effectiveness of Light-Vehicle Electronic Stability Control: An Update of the 2007 NHTSA Evaluation; DOT HS 811 486 (June 2011).

² *Id.*

effective until February 11, 2013.³ Wheego states that it plans to meet all other current FMVSSs for a passenger car.

Wheego asserts that the company had intended to develop an ESC system for the LiFe. However, delays in funding and later developments have made it impossible for Wheego to develop an ESC system for the LiFe before September 2011. Wheego requested an exemption from the ESC requirements until August 1, 2012 for up to 1,000 vehicles so that it can continue its development and evaluation of a low-emission vehicle. Wheego stated that the company intends to comply with FMVSS No. 126 at the end of the exempted period.

Wheego believes that a temporary exemption would not unreasonably degrade the safety or impact protection of the vehicle. Wheego states that the LiFe has an ABS system that prevents loss of control by preventing the wheels from locking up and the tires from skidding during braking. Wheego also asserts that its standard tires are wide with wide, circumferential grooves that provide rapid water evacuation to aid wet traction. Wheego also notes that the LiFe is limited to a top speed of 65 mph, which may contribute to a reduction of crashes associated with high speeds. Wheego also states that the LiFe has a low center of gravity with 762 pounds of batteries beneath the floorboard of the vehicle. Further, Wheego argues that the relatively limited range of the LiFe compared to gasoline-powered vehicles (100 miles before needing a charge) makes it less likely that a LiFe would be involved in a high-speed or rollover crash. Wheego also asserts that the relatively small number of vehicles that would be produced under the exemption suggests that the exemption would have a negligible effect on vehicle safety.

³ See 76 FR 7898 (Feb. 11, 2011); Docket No. NHTSA-2010-0118.

Wheego asserts that an exemption would make the development or field evaluation of a low-emission vehicle easier. Wheego states that it would be able to use consumer feedback and other testing and evaluation to improve design and efficiency to improve charging, battery management, and safety systems in future vehicle models. Wheego states that, without the exemption, the company would not be able to produce enough cars or revenue to sustain these developments or to launch a new vehicle model. Wheego also believes that its success can add to the overall development of low-emission vehicles as a whole by demonstrating the viability of electric cars to consumers and encouraging other manufacturers to build electric cars.

Wheego also asserts that the granting of the exemption would be in the public interest. Wheego notes that NHTSA has traditionally found that the public interest is served by affording consumers a wider variety of motor vehicles, by encouraging the development of fuel-efficient and alternative-energy vehicles, and by providing additional employment opportunities. Wheego believes that granting this petition serves each of those interests.

In a supplement to its petition filed on June 11, 2012, Wheego reduced the number of exempted vehicles it intends to produce and the time period for the exemption. Wheego now intends to manufacture 165 vehicles under this exemption by the end of 2012.

IV. Notice of Receipt

On January 30, 2012, we published in the **Federal Register** (77 FR 4623) a notice of receipt of Wheego's petition for temporary exemption, and provided an opportunity for public comment. We received 12 comments, including comments from the

Advocates for Highway & Auto Safety (Advocates) and 11 private individuals. All of the commenters opposed granting Wheego's petition. Wheego responded to the commenters through its own submission and through a supplemental petition. Wheego also met with the agency informally to discuss its application pursuant to 49 CFR 555.7(f). A memorandum summarizing that meeting has been placed in the docket.

V. Agency Analysis, Response to Comment, and Decision

In this section, we provide our analysis and decision regarding Wheego's temporary exemption request concerning the ESC requirements of FMVSS No. 126, including our response to the comments received.

As discussed below, we are granting Wheego's petition for the LiFe to be exempted, for a period ending December 31, 2012, from the requirements of FMVSS No. 126. The agency's rationale for this decision is as follows:

First, we conclude that Wheego has shown that an exemption from the ESC requirements would make the development or field evaluation of a low-emission motor vehicle easier. Specifically, we agree with Wheego that allowing continued production on a limited basis of additional LiFe models now under an exemption will make it easier for Wheego to design and produce future low emission vehicle models without an exemption.

Further, the production of additional LiFe models would allow consumers of all-electric vehicles an additional option during the exemption period. We agree with Wheego that continued production of its vehicle will help to demonstrate to the U.S. public the capabilities of electric vehicles. We also agree with Wheego that continued production of the LiFe for the limited period will allow it to develop fully FMVSS-

compliant electric vehicles. For that reason we agree that denial of the petition could jeopardize Wheego's ability to produce other electric vehicles in the future. For these reasons, we agree with Wheego that granting this petition will encourage the development and sale of electric vehicles by Wheego and also by other manufacturers.

Second, NHTSA concludes that the grant of this exemption would not unreasonably lower the safety or impact protection level of the vehicle. In particular, we have considered that Wheego produces a low-center-of-gravity, two-seat vehicle. The low center of gravity provides some additional reduction of loss-of-control crashes relative to other passenger cars. The LiFe's limited speed capability is also a factor in favor of granting the exemption. Furthermore, because the LiFe has a limited range (100 miles) and would be used less during winter months (due to even more limited range caused by the effect of cold weather on the batteries), a LiFe is likely to be driven fewer miles compared to an average vehicle. We believe that this factor diminishes the likelihood that the failure to include an ESC system on the LiFe would unreasonably lower the safety level of the vehicle.

Eight of the individual commenters opposing the grant of Wheego's petition stated that NHTSA should not grant any exemption from the ESC requirements, citing the safety benefits of ESC. Three additional commenters objected to the grant of any exemption at all. The Advocates argue that ESC is an important and proven safety improvement. In support of their argument, the Advocates cite agency and industry research, including the agency's most recent study of ESC system effectiveness.⁴ While the agency continues to believe that ESC has a substantial effect on the number of vehicle crashes, the relevant inquiry is not the effectiveness of ESC systems. Rather, the relevant

⁴ See *supra*, note 1.

inquiry is whether an exemption would unreasonably lower the safety level of the vehicle in question. Although the agency has found substantial benefits resulting from ESC systems on passenger cars, the agency finds that the absence of ESC on the LiFe does not unreasonably lower the safety level of that specific vehicle. We believe that the expected use patterns of the LiFe, including the relatively low number of miles driven by the average LiFe owner, support this finding.

The Advocates contend that Wheego had ample opportunity to develop and equip their vehicles with ESC because the ESC requirement was mandated by a final rule issued in 2007. The Advocates further contend that, by submitting a petition for exemption just over two weeks before the deadline for ESC compliance, Wheego ignored development of a safety system. However, the timing of Wheego's filing does not affect its entitlement to an exemption. The consequence of Wheego waiting until August 15, 2011 to file its petition for an exemption is that Wheego has been unable to manufacture the LiFe since September 1, 2011.

The Advocates also claim that ESC technology is mature and inexpensive, citing the per-vehicle cost estimate of \$111 for vehicles already equipped with ABS set forth in the 2007 final rule. In response, Wheego states that, as a small manufacturer, it must amortize the cost of developing ESC over fewer vehicles than larger manufacturers. Wheego estimated that the amortized per vehicle cost of ESC development would be over \$1000 per vehicle. We agree with Wheego that the amortized cost of developing ESC systems is higher for very small manufacturers. Although the discussion of the cost of ESC development is not a statutory or regulatory factor for exemptions under 49 USC

30113(b)(3)(B)(iii), it is relevant in determining whether the failure to have ESC unreasonably lowers the safety level of the vehicle.

The Advocates also argue that Wheego's limited production of exempted vehicles does not justify an exemption. The Advocates argue that rarer vehicles are not safer just because they are rarer. While the agency cannot dispute the assertion that rarer vehicles are not safer because they are rarer, it does not follow that the agency should not consider the expected production volume in support of an exemption request. If Wheego intended to produce more vehicles under this exemption, the agency would be less likely to grant the petition. Moreover, it is not just the limited number of vehicles that would be produced under the exemption, but the limited number of miles the average LiFe is driven compared to other cars that Wheego cites in support of its petition.

Based on the foregoing, we believe that any impact on safety from granting the petition would be negligible and that Wheego has satisfied the eligibility criteria for an exemption for the development or field evaluation of a low-emission motor vehicle.

We also find that this exemption would be consistent with the public interest and the objectives of the Safety Act. NHTSA has traditionally found that the public interest is served by affording consumers a wider variety of motor vehicles, by encouraging the development of fuel-efficient and alternative-energy vehicles, and providing additional employment opportunities. We believe that all three of these public interest considerations would be served by granting Wheego's petition.

We note that the denial of this request would remove one of the few electric vehicles that is currently being sold in the U.S. market and that granting this petition would afford U.S. consumers the continued choice of this all-electric vehicle. As

explained above, granting this petition will make the development of Wheego's next model possible, while conversely denial of the petition could compromise Wheego's ability to produce additional low emission vehicles. We believe that granting this petition will have a positive impact on U.S. employment in the automotive industry, and that denial of the petition could directly impact the jobs of current Wheego employees.

Additionally, we believe that the requested exemption will have a limited impact on general motor vehicle safety because of the small number of vehicles that can be produced under this exemption. Finally, it is critical to the agency's decision that Wheego is requesting a short exemption period and intends to sell only vehicles that comply with the ESC requirement after the exemption period.

We note that prospective purchasers will be notified that the vehicle is exempted from the ESC requirements of Standard No. 126. Under § 555.9(b), a manufacturer of an exempted vehicle must affix securely to the windshield or side window of each exempted vehicle a label containing a statement that the vehicle conforms to all applicable FMVSSs in effect on the date of manufacture "except for Standard Nos. [listing the standards by number and title for which an exemption has been granted] exempted pursuant to NHTSA Exemption No. _____." This label notifies prospective purchasers about the exemption and its subject. Under § 555.9(c), this information must also be included on the vehicle's certification label.⁵

In consideration of the foregoing, we conclude that granting the requested exemption from FMVSS No. 126, Electronic Stability Control Systems, would facilitate the field evaluation or development of a low-emission vehicle, and would not

⁵ Wheego's label is required to list both its exemption from FMVSS No. 126 and its exemption from the advanced air bag requirements of FMVSS No. 208.

unreasonably lower the safety or impact protection level of that vehicle. We further conclude that granting this exemption would be in the public interest and consistent with the objectives of the Safety Act.

In accordance with 49 U.S.C. § 30113(b)(3)(B)(iii), Wheego is granted NHTSA Temporary Exemption No. EX 12-01 from FMVSS No. 126. The exemption is for a total of no more than 165 LiFe model vehicles and shall be effective from the date on which notice of this decision is published in the **Federal Register** until December 31, 2012, as indicated in the DATES section of this document.

(49 U.S.C. 30113; delegations of authority at 49 CFR 1.50. and 501.8)

Issued on: August 2, 2012

Ronald L. Medford
Deputy Administrator

Billing Code 4910-59-P

[FR Doc. 2012-19720 Filed 08/09/2012 at 8:45 am; Publication Date: 08/10/2012]